

Idaho Legislative Audits
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Idaho Racing Commission

Management Report on Internal Control

Issued: September 30, 2003
Fiscal Year: 2000, 2001, and 2002



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

IDAHO RACING COMMISSION

PURPOSE AND SCOPE. In planning and making our audit of the statewide basic financial statements, we performed certain audit procedures to evaluate the effectiveness of the Idaho Racing Commission's internal control design and operation. Consequently, the limited scope of our procedures does not allow us to give an opinion on the Commission's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed.

Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. This evaluation, together with other evaluations and various audit procedures applied at other agencies, allows us to express an opinion on the statewide basic financial statements prepared by the State Controller's Office.

CONCLUSION. We noted no matters involving the internal control over the Commission's financial reporting and or its operation that we considered to be material weaknesses. However, our consideration of the internal control over financial reporting would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS. There are no findings or recommendations in this report.

PRIOR FINDINGS AND RECOMMENDATIONS. The fiscal year 1997 through 1999 report contained one finding and recommendation that remained in process. This finding dealt with the Commission not receiving and reviewing racetrack financial statements as required by Idaho Administrative Code. The Board is now receiving and reviewing financial statements. **CLOSED**

AGENCY RESPONSE. The Commission has reviewed this report and is in general agreement with its contents.

FINANCIAL SUMMARY. Although an opinion is not given on the financial data presented in this report, one is given on all State funds in the statewide *Comprehensive Annual Financial Report* that includes the financial data presented here.

The Commission's Operating Fund #0229 receives occupational license fees, fines, and a percentage of the pari-mutuel handle, which includes monies wagered on live horse racing, as well as simulcast horse and greyhound racing. The Commission uses these receipts for operating the Commission and regulating various professions under its jurisdiction. It employs an executive director and three full-time staff members.

Idaho Racing Commission – Operating Fund 0299

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Beginning Cash	\$624,659.10	\$527,386.88	\$477,391.09
Add Receipts			
Licenses and Fines	123,969.51	118,057.49	117,764.56
Pari-Mutuel Receipts	487,497.71	440,494.08	501,957.61
Other	1,114.45	(70.00)	128.29
Total Receipts	<u>\$612,581.67</u>	<u>\$558,481.57</u>	<u>\$619,850.46</u>
Available Cash	\$1,237,240.77	\$1,085,868.45	\$1,097,241.55
Less Expenditures			
Personnel Costs	201,143.93	266,662.92	300,162.71
Operating Expenses	281,301.29	217,377.68	220,513.80
Capital Outlay	13,892.70	698.36	12,536.50
Trustee Benefit Payments	0.00	0.00	12,176.22
Total Expenditures	<u>\$496,337.22</u>	<u>\$484,738.96</u>	<u>\$545,389.23</u>
Less Transfers	<u>213,515.97</u>	<u>123,738.40</u>	<u>67,994.56</u>
Ending Cash Balance	<u><u>\$527,386.88</u></u>	<u><u>\$477,391.09</u></u>	<u><u>\$483,857.76</u></u>

As shown in the following schedules, the Commission also collects funds for other entities in accordance with Idaho Code. These collections are primarily a percentage of the pari-mutuel handle. The transfers are to the Owner/Breeder Fund #0486-11 (60%) and the Track Purse Enhancement Fund #0485-12 (40%) and are made in accordance with Idaho Code, Section 54-2513. This code section requires that the State Controller transfer the fiscal year-end balance exceeding \$400,000 in the Commission's Operating Fund to the Owner/Breeder Fund and the Track Purse Enhancement Fund for distribution to owners, breeders, and tracks. The balances shown above exceed \$400,000 because the transfers were made in the following year.

OTHER ISSUES. We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Idaho Racing Commission and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given us by the executive director, Jack Baker, and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

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